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Building Bonds to Establish Financial Stability

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1. Title of Project:

Building Bonds to Establish Financial Stability

2. List of Student Participants

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3. Statement of the problem or issue, proposed methodology, and rationale.

Throughout Dallas, poverty remains a persistent problem that thousands of lower-income families battle to overcome. Yet despite their efforts these families simply cannot escape the vicious cycle, increasing the likelihood that their unfavorable circumstances will envelope their lives and those of future generations. A chief contributor to this ongoing problem is the fact that many of these families are missing the tools and basic knowledge with which to combat this widespread epidemic.

One frequently overlooked observation is the simple fact that households that have experienced financial troubles are more likely to remain financially impaired than those households which have been financially stable historically. Whether these plights are due to the direct actions of the families or to other external factors, the sad fact is that the children whom these families raise and bring into this world will experience troubles of their own due to the financial instability which circulates within their families. Seeing parents fight or constantly hassle and fear for the financial future of their family can cause great strain on the children's ability to have a constructive childhood. The negative effects of said financial burdens affect everyone in the family; however they are especially detrimental to children due to children's tremendous perceptive abilities and

capacity to pick up on the smallest of things. A crippled childhood often leads to an unstable adulthood, one in which a lack of morale and self-confidence plays a large factor; hence it is highly likely that those same children who grew up in unstable households will also become financially unstable themselves. With the present state of the weakened economy, this pattern of cyclical poverty will only serve to further drain the prospects of a revival. With current government concerns myopically focused on Wall Street, the circumstances of those on Main Street, such as low-income families, look less than promising in terms of receiving government assistance, which further complicates attempts to mitigate the current problem. By helping these low-income families emerge from their current situation, both the parents and the children would benefit, therefore solving the overarching problem in the short as well as the long term.

Through effective and austere budget planning coupled with social and spiritual encouragement, a willing family can emerge from their predicament in a new light. The goal of this organization would be to provide the mentoring and tools with which to combat a family's lackluster financial position. This would involve finding a community leader, elder, or organization firmly established in the community which could recommend us to certain willing families. By utilizing the idea of proxy-credibility, this would shorten the time horizon required to get our foot in the door, thus allowing us to begin conducting our operations in an expedited manner.

The general endeavor of providing advisory services necessitates establishing a close relationship with the family in order to gain their trust, thus enabling us to review their finances. This of course is not something that we expect a family to be easily open about as there are numerous personal and psychological barriers that must be transcended before the family can acknowledge it is in need of financial assistance. However, once these hurdles have been cleared, the organization will be able to effectively examine the family's economic terrain as well as to build the crucial rapport required to ensure the success of the services.

This organization would not seek to supplement the family's income or take over their finances, it would also not provide opportunities for jobs or personal good distributions, as other organizations have sought to do. We would simply take a look at where the family currently stands financially and work with them to set up a personal

plan which could be implemented as part of becoming financially stable and independent. We will in no way sugarcoat the undertaking of this endeavor or somehow let ourselves or the families make the mistake of believing that this will be a quick and effortless process. This is a complex issue rooted in habitual practices, which if we seek to effectively counter and disrupt, will take unwavering discipline and responsibility from both sides of the table.

As such, we will seek to market ourselves as a selective group of knowledgeable and approachable individuals who sincerely wish to help our clients. By targeting willing and interested families, our organization would aim to effectively utilize its resources and generate internal credibility through a proven track record, thus increasing our reputation and ability to affect change. The reputation which we garner will then lead us to other clients and will spread the word of our endeavors.

We expect a minimum time frame of at least six months per family to address the issues necessary and to get the family on track. Upon having established the habits and understanding of the process, we will slowly loosen up the reigns and distance ourselves. Distancing should be understood as providing the families with more leeway, thus enabling them to implement the practices independently which will in turn establish more reliable habits in the future. Our end goal is for our clients to be self-sufficient and stable, meaning they can manage their budget and incur a surplus rather than a deficit at the end of the month where after we can begin eliminating debt. Recognizing that many low-income families attempt to pay-off current, daily costs with loans, additional attention will be spent on the facilitation of responsible and efficient borrowing, aimed at eliminating the recurring interest payments that often keeps low-income families permanently indebted, due to the fact that their capital base is only sufficient to service the interest portion of the debt as opposed to the principal as well.

As the families begin to understand and take hold of their own financial future, we will remain in contact so as to maintain rapport and follow up to ensure their continued success. Our organization will make sure that the family stays on course and does not succumb to their prior ill-fated habits; this will be accomplished through careful discipline and determination. We will be present to ensure that the temptation to service

debt and costs with additional debt-incurring practices does not take place and will also serve as a repository for future advisory services.

Though our clients themselves must ultimately possess the will and order to persevere; if we presuppose this is in fact the case, from there we can educate and instill in them the knowledge and information with which they can utilize to rise from poverty.

Thus, our overarching goal as a service organization would be to market ourselves effectively in order to be accepted and welcomed into the client's home. From there, we would build a relationship based on mutual trust and the common goal of obtaining financial stability and independence for the families. We would create a budget based on their personal monthly income and expenses and would look to incur positive net income after three months, thus transitioning away from deficits and the use of loans to service bills. Slowly and purposefully, over a few years, the family would be on a steady path toward being debt-free and financially stable by having successfully established consistent habits. All in all, our organization would be halting the advance of cyclical, family-inherited poverty in the Dallas area community while also enhancing the lives of low-income families and future generations to come.

4. Proposed Timeline

Early February, 2010

- Contact various organizations and personnel with established connections
- Distribute contact information and brochures to potential clients
- Formulate basic, overarching financial plan and procedural approach

Late February, 2010

- Purchase necessary supplies and overhead
- Begin conducting interviews and meetings with potential, interested clients
- Obtain one willing and determined family with which to begin the process

Early March, 2010

- Establish guidelines and explain process and benefits
- Ascertain relationship and generate trust and friendly beneficial cooperation
- Provide necessary equipment and supplies with which the clients can work with

Late March, 2010

- Commence personal finance analysis and formulate plan
- Set goals and expectations and create budgetary spreadsheet and strategy
- Assure clients remain on track and provide weekly feedback and encouragement

Early April, 2010

- Stay in contact with clients and frequent their houses
- Make sure they remain at task and maintain discipline

Late April, 2010

- Review the clients progress at month's end and reevaluate the process
- Evaluate organization expenditures and efficiency

Early May, 2010

- Conduct overall evaluation and create performance metrics to gauge our results
- Begin taking additional clients while maintaining contact with previous, stabilized clients

5. Anticipated Budget

	Item Cost	Quantity	Sub Total
Microsoft Office ¹	\$149.95	5	\$749.75
Office Supplies	\$400.00	N/A	\$400.00
Catalog Portfolios	\$79.99	3	\$239.97
Laptop ²	\$1,199.00	1	\$1,199.00
Postal Stamps	\$0.44	250	\$110.00
Mailing and Shipping	\$4.29	250	\$1,072.50
Books	\$56.25	1	\$56.25
Travel ³	\$1040.00	N/A	\$1,040.00
Total Cost			\$4,867.47

Person in charge of funds:

Jose Campos

¹ The Microsoft Office Package would be to provide families with Microsoft Excel, if they do not own a copy themselves.

² A laptop would be for use as the organization's business laptop so as to have all the clients information, budgets, and financial details and program progress at hand, separate from our individual, school-used laptops.

³ The mileage estimate for gas and depreciation is based upon weekly trips of forty miles for the duration of one calendar year.